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Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

1. Mr. RAZVIN (Union of Soviet Socialist Republics) said he hoped that the Fifth Committee would continued its tradition of discussing the item constructively and without excessive ideological emphasis. He noted with satisfaction that capacity to pay remained the fundamental criterion for determining the scale of assessments. Yet the current methodology used by the Committee on Conferences led to marked departures from the principle of capacity to pay, as became clear when the initial machine scale of assessments and the final recommended scale were compared. The origin of the problem lay in the introduction of other principles which alone or in combination accentuated distortions in the preparation of the scale. His delegation therefore believed that all the elements of the current methodology should be carefully reviewed to see how they affected, alone or in combination, the criterion of capacity of pay.

2. Consideration should also be given to the problem of the interaction of the 10-year statistical base period with the other features of the current methodology, and particularly the scheme of limits. The sole purpose of those two features was to dampen the effects of sharp short-term changes in the economies of Member States and to avoid variations in individual rates of assessment that were unrelated to real capacity to pay. In that respect, there was valid concern that in some cases the two features resulted in a double bias in determining States' capacity to pay. His delegation therefore agreed with the statement in paragraph 54 of the Committee's report that long statistical base periods might obviate the need for the scheme of limits.

3. His delegation was not against taking into account the high level of external debt of the developing countries in the two latest scales, solely on the basis of the need to ensure external debt relief for those countries. At the same time, it was concerned over the lack of clearly substantiated criteria in applying that methodological element. A purely pragmatic approach to the problem led to situations in which the application of that factor did not achieve the result intended.

4. With regard to the scheme of limits to avoid excessive variations of individual rates of assessments between successive scales, he noted that in the scheme of limits recommended by the Committee, involving the redistribution of 382 points, the benefit to the developing countries amounted to only 89 points, while the overall contribution of the developed countries was decreased by 293 points. Meanwhile, the negative effects of the scheme of limits were borne primarily by the Eastern European countries. Indeed, the aggregate contribution of the USSR, Belarus, Ukraine and the Eastern European countries was increased by 272 points. The scheme of limits, together with the ceiling and the floor, was thus one of the most distorting elements in the current methodology, as became more evident with each consecutive scale. That

(Mr. Razvin, USSR)

artifically introduced and purely mechanical measure resulted in a rather large 226-point distortion, as compared with capacity to pay, in case of the the Soviet Union's contribution. Its contribution was also considerably increased by the application of the ceiling and floor rates of contribution. Taking those considerations into account, his delegation could not agree that the recommended scale should contain such major departures from the principle of capacity to pay.

5. The Committee on Contributions had clearly made a considerable effort in working out the scale, and his delegation recognized that there was no practical possibility of developing a new scale at the current juncture. His delegation was therefore prepared to accept the recommended scale for one year as a compromise, on the condition that a decision would also be taken not to apply the scheme of limits in the future, including when preparing the scale for the remaining two years.

6. Mrs. GOICOCHEA (Cuba) said that the scale proposed by the Committee on Contributions, far from reflecting fairness and equity, did not accord with the real economic situation of various groups of countries. There was no other explanation for the fact that the assessed contributions of a major group of developed countries had fallen by over 100 points whereas the developing countries had only benefited from a general reduction of 39 points. Similarly, 14 developing countries had been assessed higher rates, compared with only 9 developed countries. It was evident that the methodology was anomalous and must be corrected.

7. Notwithstanding the succession of resolutions calling for improvements in the methodology, the Committee on Contributions had somewhat surprisingly stated (A/46/11, para. 46) that it had not had time to deal with the eight topics listed in General Assembly resolution 45/256 A. It would be noted that that same resolution requested the Secretary-General to provide the Committee on Contributions with the facilities it required, including any supplementary assistance needed. She trusted that such a situation would not recur and that the Committee on Contributions would in future comply fully with General Assembly mandates.

8. In refining the methodology the Committee should pay particular attention to the various income concepts considered at earlier sessions, especially sustainable income for economic development. She trusted that the Committee would overcome the problems of definition it had earlier encountered. Similarly, the elements referred to in General Assembly resolution 43/223 B, paragraph 3, should be considered for incorporation in the methodology.

9. Her delegation welcomed the retention of an upper per capita income limit of $2,600 as being closer to average world income. That important component of the methodology should be revised further to reflect world economic developments. The debt adjustment approach should be applied only to developing countries. Its application to developed countries merely served to

(Mrs. Goicochea, Cuba)

increase the anomalies inherent in the scale. The mitigation process should continue to be applied, taking account of the criteria specified in the report of the Committee on Contributions to the forty-fifth session (A/45/11, para. 42). The scheme of limits should be maintained as it was the only means of avoiding excessive fluctuations in assessed contributions, particularly given the current trend towards increasing the assessments of developing countries while decreasing those of developed countries.

10. Her delegation, while welcoming the information meetings held by the Committee on Contributions, reiterated the need for the Committee to achieve greater transparency in its work. Changes in the membership of the Committee would promote such transparency and reflect the changes which had taken place in the Organization itself since the establishment of the Committee on Contributions in 1946.

11. Mr. BAZAN (Chile) said that the importance of the Committee on Contributions meant that its recommendations must be based on reliable and transparent technical grounds, backed up by a consensus methodology. Any failure by the Committee to function in that manner could lead to proposals that did not reflect General Assembly mandates by, for example, imposing a disproportionate burden on a Member State which might then refuse to pay, thus establishing a dangerous precedent. Although the Committee's work was technical, it must reflect the political mandates established by the General Assembly. Further, its determinations were based on statistical information that was open to various interpretations, thus rendering acceptance of its recommendations still more difficult.

12. It was clear that further refinement of the methodology was needed. While capacity to pay must remain the fundamental criterion, it could be supplemented by other elements such as a Member State's degree of commitment to the Organization and membership in decision-making organs. Nevertheless, his delegation could not accept the suggestions put forward in paragraphs 47 and 48 of the report of the Committee on Contributions regarding membership in main organs.

13. In determining capacity to pay, it was essential for the Committee on Contributions to make recommendations based on accurate figures. The scale proposed by the Committee was distorted, as evidenced by the fact that the percentage increase of the Latin American countries was three times greater than that of the European Community countries, notwithstanding the former's poorer economic growth. It was obvious that the scale was seriously flawed and must be improved. Specifically, the scheme of limits, the statistical base period, the upper per capita income limit and the mitigation process must be refined. Similarly, the debt adjustment approach had not been applied only to developing countries, which also distorted the principle of capacity to pay.

14. It was important for the statistical base period to remain stable. Yet the length of the period meant that it did not fully reflect developments in

(Mr. Bazan, Chile)

countries at the time the scale was proposed, given which consideration should be given to weighting. Similarly, the mitigation process did not meet the standards of transparency and objectivity laid down by the General Assembly.

15. The Committee on Contributions must continue its work on refining the methodology, in which connection it should continue its consideration of incorporating price-adjusted rates of exchange. The Committee must be granted the time it needed to devise a sound, coherent, transparent, straightforward and stable methodology that would faithfully reflect capacity to pay and be acceptable to all Member States.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30 and A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/35)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31 and A/C.5/46/33)

16. Mr. FORAN (Acting Under-Secretary-General for Administration and Management), speaking on behalf of the Secretary-General in his capacity as the chief administrative officer of the Organization and as Chairman of the Administrative Committee on Coordination, said that the executive heads of the organizations of the common system continued to be most concerned about the conditions of employment of staff in the Professional and higher categories. They were convinced that United Nations salaries were still not competitive and that there was a need to foster greater stability and predictability in conditions of employment in the common system, particularly in respect of the post adjustment system.

17. In the short term there was concern about the possibility of another freeze on salaries, since even a short freeze would eliminate the benefits of the 1990 salary increase and reintroduce a stop-go approach. Such a practice was not only disruptive and damaging to morale but difficult if not impossible to justify when the comparator was taking action to bring its civil service salaries back into line with the private sector. Salary levels in the comparator civil service were acknowledged to be lagging behind the private sector by some 30 per cent, and the Federal Employees Pay Comparability Act had been enacted to rectify the situation. The ICSC report contained detailed information on the substantial changes taking place in the way in which the comparator remunerated its staff. While recognizing the difficulty of fully assessing the potential impact of such developments on conditions of service in the common system, the Secretary-General and his colleagues were of one mind that a new freeze on the post adjustment system would be both unfortunate and unjustified.

18. In such a context, the Committee would doubtless wish to consider with great care the proposals on margin management put forward by ICSC. The five-year averaging of the margin should be set aside and, in order to avoid a freeze of any duration, the Secretary-General and the other members of ACC

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urged the Fifth Committee to recommend to the General Assembly that the margin methodology should be suspended until such time as the changes taking place in the comparator were reflected in the margin computations.

19. The Secretary-General and his colleagues also strongly endorsed the Commission's recommendations to revise the level of the base/floor salary scale. The recommendations did not affect take home pay for the vast majority of staff in headquarters locations, but, if approved, would enhance the mobility and hardship allowances payable in field locations. Everyone was aware of the significant change in the role of the United Nations system in humanitarian, development and relief operations in the field over the past three years. The recommendation for an increase in the base/floor salary scale, which was established by reference to net salary levels in the comparator service, derived from the 1990 comprehensive review. The General Assembly had established a mechanism for regular adjustment of the base scale, and it was essential to maintain that procedure.

20. ICSC, further to a request by the General Assembly at the forty-fifth session, had undertaken a comprehensive review of the conditions of service of Assistant Secretaries-General and Under-Secretaries-General. Under a new approach to equivalency of those levels with the comparator, the Commission had recommended the establishment of approximate equivalencies, an increase in net remuneration levels to reflect developments in the comparator in the Executive Schedule, and improved housing subsidies. The Commission felt that the question of pension arrangements should be deferred pending further study. Lastly, it had recommended that the executive heads and governing bodies of each organization should examine the question of representation allowances for senior officials, in which connection the Secretary-General had submitted a report on such allowances in the United Nations (A/C.5/46/32). The Commission's proposals had the full support of the Secretary-General and ACC given the need to attract and retain senior officials of the highest calibre at a time when the Organization was breaking new ground in many areas.

21. Beyond short-term efforts to improve the conditions of service of staff in the Professional and higher categories, the Secretary-General and the executive heads believed that there was a deeper problem that needed further study, namely, the competitiveness of United Nations salaries. ACC was requesting the Commission to undertake a study of conditions of service in other international institutions with which the common system competed directly for staff. ACC also intended to study the relevance for the United Nations system of the special pay systems and rates introduced in the comparator civil service. Proposals arising out of those studies would be submitted at the forty-seventh session.

22. Turning to pension matters, he said that the Pension Board had been attempting for several years to develop a longer-term approach to the determination of initial local currency pensions in high-cost countries, in response to problems caused by the declining value of pensions as a result of

(Mr. Foran)

currency fluctuations. The Pension Board had recommended a modification of the pension adjustment scheme with effect from 1 April 1992, in what was a compromise between the representatives of government bodies, executive heads and participants represented in the tripartite Board. The Secretary-General and ACC strongly supported the Board's recommendation, which would provide a greater measure of protection against currency fluctuations.

23. The Commission and the Pension Board had devoted considerable attention to the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories. The two bodies had agreed to adopt a step-by-step approach in the absence of a definitive position regarding an appropriate methodology. Accordingly, pending further studies of alternatives, the current methodology would continue to apply. The Commission had recommended a revised staff assessment scale for use in determining the gross salary and consequent pensionable remuneration of General Service staff, and had decided to undertake, in cooperation with the Pension Board, a feasibility study on determining General Service pensionable remuneration and pensions in accordance with the practices of outside employers used in salary surveys at certain duty stations. The possibility of using the income replacement approach followed for Professional staff, together with the use of local tax rates, would also be studied.

24. It was imperative for the staff to be involved fully in the review of what was a fundamental condition of service, and for the studies to consider not only the technical aspects of alternative methodologies but also their impact on the unity and cohesiveness of the international civil service. It was incumbent on any good employer to provide all its staff with fair and competitive salaries during their employment and, on retirement, with pensions that bore a reasonable relationship to their salaries during their last years of service.

25. The ACC report on the functioning of ICSC (A/46/275), submitted by the Secretary-General at the request of the General Assembly, did not call for a change in the Commission's statute. Rather, emphasis had been placed on the fact that the effectiveness of any institution was not only dependent on its statutory provisions but more particularly on the spirit in which they were applied. The executive heads of the organizations of the common system, the representatives of the staff and the members of the Fifth Committee were all part of a process designed to put in place coherent management policies. While the Commission had been criticized, it was the view of ACC that the correct approach was to strengthen its functioning rather than searching for an alternative. The Commission, in its report (A/46/30, vol. II), had welcomed the review of its functioning and emphasized its responsibility to strengthen the common system without becoming overly involved in concerns more appropriately handled by individual organizations and their executive heads.

26. While much attention was being focused at the current session on the programme budget and related matters, the reports from the Commission and the

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Pension Board reflected broader considerations within the common system. The Secretary-General and his colleagues firmly believed that the measures before the Committee were essential for the good governance of the organizations of the common system. An organization was only as good as its staff, and it was important that all staff members should feel that their contributions were recognized and encouraged at a time when so many new responsibilities were being placed on the common system.

27. Ms. ROTHEISER (Austria) said that the success of any organization largely depended on the quality and quantity of the work it performed and the attitude of its staff. In view of the importance of the United Nations for the prevention and solution of global and regional problems, her delegation considered that the conditions of service in the Secretariat must be such as to attract staff of the highest calibre.

28. In recent years there had been both staff reductions and a salary freeze and the effects of those measures still aroused resentment among staff members. Her delegation believed that the time had come to look at the conditions of service not only from a financial point of view but with a view to raising staff morale and thus enhancing the Organization's effectiveness.

29. In order to avoid another freeze, ICSC recommended suspension of the requirement that the margin be maintained around its mid-point. In that context, her delegation had noted that the net remuneration margin for 1991 was 118.9 and that the comparator civil service would introduce a salary restructuring starting in 1994. In the light of those facts, her delegation felt that it would not be advisable to freeze United Nations salaries for a short period merely in order to remain within the upper limit of the margin, only to increase them substantially at a later stage. It was therefore not convinced that the approach of partial post adjustment increases was the best solution to the problem, as it left room for a slight freeze which was unnecessary in view of the situation and would not make for a smooth transition. In that context, care should also be taken to ensure that the experience of 1990, when the General Service in New York was faced with a salary freeze, did not repeat itself at one of the other headquarters duty stations.

30. With regard to the conditions of service for Assistant Secretaries-General and Under-Secretaries-General, her delegation, while noting the difficulties of identifying the equivalent in the comparator, felt there was no doubt that the conditions of service at those levels lagged behind those offered by the comparator. It was therefore prepared to support the recommendation that net remuneration be increased in a range of 7 to 11 per cent, as well as the other improvements outlined in paragraph 173 of the ICSC report.

31. Her delegation was inclined to consider favourably the ICSC recommendation that the current base salary scale be increased by 8.6 per cent

(Ms. Rotheiser, Austria)

as of 1 March 1992, although it would repeat its request of 1990 that the interrelationship of the base/floor salary scale and the mobility/hardship allowance should be studied further. It would also like to receive additional information on how the increase was to be financed.

32. Her delegation supported the approach to the question of the methodology for determining the pensionable remuneration of ungraded officials outlined in paragraph 71 of the ICSC report, especially as it would further enhance the common system.

33. The complexity and importance of the question of pensionable remuneration for General Service and related category staff warranted thorough study of the current methodology and possible changes. Her delegation believed that the guiding principle for the determination of pensionable remuneration must be to ensure the continuation of a living standard similar to the one enjoyed during the last years of active service. In that context, given the effects of inflation, the question of minimum pensions and the practice of treating a part of net remuneration as non-pensionable would have to be addressed.

34. Her delegation considered the rate of return obtained on Pension Fund investments for the year ended 31 March 1991 a good one. At the same time, however, it fully agreed with the Secretary-General that safety must be the primary criterion for ensuring the preservation of the Fund's principal.

35. Her delegation agreed with the Administrative Committee on Coordination that ICSC had functioned relatively well and that its statute was a healthy instrument. Despite the complexity and sensitivity of its task, ICSC had been able to maintain its impartiality and to base its recommendations on technical considerations. It deserved special commendation for its efforts to preserve the common system. In that context, her delegation had noted with concern the benefits unilaterally granted by ILO and ITU to their staff and endorsed the ICSC view that it should not have been presented with faits accomplis in both cases.

36. Mr. RAZVIN (Union of Soviet Socialist Republics) said that there had been much talk in recent years of the erosion of competitiveness in the conditions of service of the United Nations common system and that vague notion had come to be used as a means of pressuring the Committee and Member States. The time had come to scrutinize the situation more closely in order to establish the facts. In that connection, a comprehensive study might be made of the high vacancy rate, possibly in the context of the full-budgeting approach. A clearer understanding of the vacancy situation was needed in any case in order to dispel the existing vagueness on the subject of competitiveness and would help the Committee to deal with specific issues relating to the recruitment and retention of highly qualified staff, and thus make it possible to develop a system-wide solution to such problems. His delegation therefore found it gratifying that the ICSC had expressed a similar point of view in its report.

(Mr. Razvin, USSR)

37. One of the more complicated problems before the Committee was the establishment of methodology for calculating the margin between the net remuneration of staff and that of the United States federal civil service. A great deal of work had already been done on the subject and a clear method for regulating and monitoring the evolution of the margin had been developed. It seemed clear that that methodology served the interests of both staff and Member States. While the methodology was not yet functioning to everyone's full satisfaction, the fault did not lie in the methodology itself. His delegation therefore considered that it would be wasteful and short-sighted to reject the methodology because of temporary difficulties. That argument was borne out by the current report of ICSC.

38. In his delegation's view, the report's recommendations for the upgrading of the existing base/floor salary scale were fully justified and did not contradict the decisions taken at the General Assembly's forty-fourth session. As in previous years, however, his delegation had serious doubts with respect to any automatic increase in the mobility hardship allowance linked to an increase in base salary scales. That costly and technically incorrect linkage should be reconsidered and a balanced and reasonable procedure for adjustment of the mobility/hardship matrix on the basis of specific conditions of service in hardship duty stations and the problem of staff mobility should be worked out. His delegation therefore did not at the current stage support the ICSC recommendations on the mobility matrix and hardship duty stations; it felt that the Committee should await submission of the International Civil Service Commission report on the subject at the forty-seventh session of the General Assembly.

39. On the question of pensions, his delegation had no objection to the Commission's recommendations and supported its clear position on consideration of pension benefits for all participants in the Fund on a common basis. It regretted, however, that the Commission had not begun active work on the issues arising from articles 13 and 14 of its statute, as the General Assembly had requested in resolution 45/241.

40. The approach set out in volume II of the Commission's report seemed to his delegation constructive and balanced, and showed a sincere desire to continue to strengthen the common system. By the same token, his delegation had been somewhat surprised by the approach which ACC had taken to the review of the functioning of ICSC. General Assembly resolution 45/241 contained a specific request to ACC to recommend alternative measures to improve the functioning of the Commission. The approach taken by ACC was therefore unacceptable.

41. On the question of executive meetings of the Commission, his delegation on the whole agreed with the position of the Commission as set out in paragraph 16 of volume II of its report. Such meetings could be very useful and it was inadmissible to deprive members of the Commission of their right to hold them, as provided for in the Commission's statute.

(Mr. Razvin, USSR)

42. Commenting on another issue raised in the Committee, he said his delegation was unaware of any "wall of alienation" between the staff and Member States, and deplored the tone adopted by one of the staff representatives at a recent meeting, which evinced a spirit of confrontation and an ignorance of elementary procedures for considering such issues. His delegation did not regard those remarks as indicative of the general mood of staff but rather as an attempt to build up such a "wall of alienation". His delegation, for its part was prepared to consider the report of ICSC in a constructive spirit, giving due attention to the interests of all parties.

43. Ms. SHEAROUSE (United States of America) said that the items under consideration were among the most important on the Committee's agenda, because the staff of the United Nations played such a critical role in the quality and effectiveness of the Organization and because staff pay and benefits constituted the major portion of the United Nations budget.

44. Because the issues considered by ICSC were complex, it was important that its findings should be presented in terms understandable to the layman. From that point of view, significant improvements had been made in the structure and style of its latest report, and her delegation looked forward to further refinements in the Commission's reporting.

45. Her delegation had taken note of the conclusions reached by the Commission on some recent actions by ILO and ITU. While her delegation recognized that the decision by the ILO Governing Body to establish a voluntary thrift benefit fund had been intended to bring the ILO back into the common system, it nevertheless regretted that there had been no prior consultation with the Commission. If the Commission was to serve the common system effectively, organizations must bring their concerns to the attention of the Commission so that problems could be resolved within the framework of the system. In the case of ITU, the Commission had determined that the granting of a special post allowance was incompatible with the concept of the common system. In order to sustain the common system, member organizations must be discouraged from taking independent actions, and her delegation believed that the governing bodies of common system organizations must, in the future, strongly object to any proposed action which might be incompatible with the maintenance of a single unified international civil service. Her delegation was sympathetic with the view expressed by the Australian representative, on behalf of Australia, Canada and New Zealand, that the Assembly consider setting up a system of sanctions against organizations belonging to the United Nations system that did not adhere to its rules and regulations.

46. Her delegation had been disappointed that the Commission, as well as the Pension Board, had not fully addressed the concerns raised in General Assembly resolution 45/268 with respect to the implications of the pension power protection insurance plan on the common system.

(Ms. Shearouse, United States)

47. With respect to the pension issues discussed in chapter III of the Commission's report, while her delegation generally endorsed the recommendations contained in paragraph 71 on the question of pensionable remuneration for ungraded officials, it did not believe that the Secretary-General was the appropriate point of reference to use in determining alternative pension arrangements. It also believed that for officials in ungraded posts who participated in the United Nations Joint Staff Pension Fund the methodology for determining their pensionable remuneration should include some controls which ensured that the resulting pensionable remuneration did not exceed the level of pensionable remuneration estblished for the Administrator of the United Nations Development Programme.

48. While her delegation supported the general thrust of the Commission's recommendations with respect to the comprehensive review of pensionable remuneration and consequent pensions of the General Service and related categories, it was not convinced that a survey of the local pension practices was necessary at the current time since, after great expense, it would only reveal that in some markets the local pension was more generous than the United Nations pension, while in others it was not. Attention should be focused instead on making pensions more reflective of local conditions.

49. Her delegation took an unfavourable view of the Commission's recommendation that the General Assembly should reconsider its decision requiring the Commission to manage the margin over a five-year period so that the average margin would be around the mid-point of the range. The General Assembly decision in question was fairly recent and a fixed margin range with a targeted average level would ensure that there was an adequate differential to allow for the recruitment and retention of qualified personnel, while also ensuring fiscal prudence.

50. The comparison of average net remuneration of United Nations officials in New York and that of United States officials at Washington, D.C., by equivalent grades, was a cause of concern to her delegation since there were significant disparities between the two systems, particularly at the P-1 to P-3 levels. One of the essential elements of the net remuneration margin calculation methodology was the establishment of grade equivalencies between the United Nations system and the comparator. The current methodology used by the common system for calculating the net remuneration margin rewarded all staff for salary increases enjoyed only by a select group in the comparator and therefore needed to be refined. It was regrettable that the most recent grade equivalency study had not provided for a comparison with the previous study since such information would be useful in assessing the evolution of grade equivalency.

51. With respect to the Commission's decision to recommend an increase of 8.6 per cent in the current base/floor salary scale, her delegation could support an increase, which was consistent with General Assembly resolution 44/198. It was, however, unable to take a position on the proposal since it was not clear as to how the Commission had arrived at the figure of

(Ms. Shearouse, United States)

8.6 per cent. In addition, since the base/floor scale was used in conjunction with the mobility/hardship matrix and separation payments, those benefits would also be increased as a result of the proposed upward adjustment of the salary scale. The consequences for the mobility/hardship matrix of increasing the base/floor scale were a matter of some concern and, in reviewing the operation of the mobility/hardship matrix, the Commission should assess the impact the matrix had had on filling posts and retaining staff in hardship duty stations.

52. Her delegation would appreciate further clarification of paragraph 7 of the Secretary-General's statement of financial implications (A/C.5/46/33), which seemed to suggest that, as a result of an increase of $2.4 million in the base/floor salary for the following biennium, staff assessment would be increased by $14 million for the same period.

53. With regard to the Commission's recommendation to the General Assembly of a two-phased approach for conducting checks every five years to determine the highest paid national civil service, her delegation would recommend that, upon completion of phase I, the Commission should report its findings to the General Assembly for a decision on whether or not to continue to phase II.

54. Her delegation was not inclined to support the increase of 7 to 11 per cent in net remuneration levels recommended by the Commission for Assistant Secretaries-General and Under-Secretaries-General since the basis for the grade equivalencies with officials in the comparator civil service appeared to be one step up from a random guess. In addition, the Commission's recommendation to approve increased housing subsidies for senior staff, without providing some guidance as to what conditions might warrant such increased subsidies and without suggesting some limitations, invited abuse and the uneven application of the benefit. Her delegation disagreed with the conclusion reached by ICSC that precise guidelines governing housing arrangements for senior staff should be developed by each organization and would prefer a universally applied set of guidelines. By deciding not to address the issue of representation allowances for such staff members, the Commission had missed an opportunity to ensure that the allowances were not simply salary supplements in disguise. A common approach to providing representation allowances, with some monitoring of representational activities required by management, would help to ensure that such allowances were used for their intended purpose and not simply as salary enhancers. Her delegation recommended the postponement of action on those proposals pending such reform of the Secretariat that the new Secretary-General might see fit to carry out.

55. As to the surveys of best prevailing conditions of service for staff in the General Service and related categories at Geneva and Vienna, she said that implementing the recommended increase at Geneva without concurrently implementing the decrease previously recommended for New York was not acceptable. Her delegation would strongly object to a selective approach in implementing the surveys. Moreover, it sought confirmation from the Secretary-General that the results of all the surveys would be implemented.

(Ms. Shearouse, United States)

The review of the methodology of the surveys should examine whether that methodology was suited to the Organization's objectives with respect to the recruitment and retention of staff.

56. ICSC should assess the impact which implementation of the Federal Employees Pay Comparability Act of 1990 would have on the common system and, as appropriate, recommend to the General Assembly changes in the remuneration structure of the common system to make it more compatible with the comparator system.

57. Turning to the review of the functioning of ICSC, her delegation strongly believed that the Commission must be allowed to function as an independent expert technical body. It agreed with the Commission's conclusions with regard to its programme of work as well as its suggestion that the terms of office of its members should be limited. It was vitally important to maintain the cohesiveness and integrity of the common system, which was the responsibility of all parties concerned. Her delegation called upon all organizations to work with the Commission so that specific problems could be addressed within the context of the common system.

58. Referring to the report of the Joint Staff Pension Board (A/46/9), her delegation was disappointed that the Board had not adhered strictly to the instructions of the General Assembly to ensure that the proposed modifications of the existing "Washington formula" would not adversely affect the actuarial balance of the Fund. It endorsed the suggestion of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the Board should, on the basis of experience with the cost of the scheme, determine whether any fine tuning of the proposal was warranted to limit the cost.

59. With regard to the proposed modifications of the pension adjustment system, her delegation could accept the concept of providing the staff outside New York generally comparable income replacement ratios as those enjoyed by staff retiring in New York. Concurrent with adoption of the modifications to the "Washington formula", however, the two-track system must be revised to curtail the provisions which allowed annuitants on the local track to receive the benefit of the dollar track when its value in local currency increased over the value of the local track. In addition, it was necessary to establish provisions which lowered the benefits derived from the revised "Washington formula" if a staff member's contribution to the Fund, when figured as a percentage of his or her take-home pay in local currency, was less than the ratio determined for staff in New York.

60. Her delegation supported the suggested contribution to the Emergency Fund for 1992-1993 and had no objection to the proposed draft resolution contained in annex XIX of the Pension Board's report, with the exception of section IV, in respect of which it had amendments to propose.

61. Mr. MENDEZ (Philippines) noted that ACC had drawn attention to what it perceived to be the increased politicization of ICSC. ICSC should accept that there was always room for improvement regarding its members' qualifications as well as the selection process in general. While it might be necessary and desirable to maintain continuity in the membership of ICSC in view of the complexity of the issues with which it dealt, that did not justify an overly lengthy period of membership. In his delegation's view, the maximum length of service should be shorter than that proposed by ICSC. The advantages to the Commission from the infusion of new blood and new thinking would far outweigh the advantages of a longer term of office. It was more important for the Commission to determine specifically the desirable qualification for the job in order to assist Member States in selecting the best candidates.

62. Another major criticism by ACC was that the Commission lacked appreciation of the differences between organizations. The Commission and the organizations concerned should indeed work more closely together to enable the Commission to gain a better understanding of the legitimate concerns and unique needs of the different organizations.

63. On the question of the management of its workload, the Commission had recognized that increasingly heavy agendas made it impossible, in the limited time at its disposal, to give full consideration to all issues referred to it. As the Commission had pointed out, the overburdened agendas were not its own creation but rather the result of requests by the General Assembly, the representatives of the organizations and of the staff. It was therefore essential that the General Assembly should review and prioritize its numerous requests to ICSC and that the staff and representatives of organizations should do likewise so that a more responsive ICSC work programme might be drawn up.

64. Turning to the recommendations of ICSC contained in volume I of its report (A/46/30), his delegation supported the recommendation that when the governing body of a member organization decided that its elected officials could not be participants in the Pension Fund, the governing body should determine alternative pension arrangements for those officials. It likewise supported the methodology suggested for determining the pensionable remuneration of officials appointed or elected to ungraded posts who became participants in the Fund.

65. His delegation was convinced that a phased approach to such a comprehensive review of pensionable remuneration for the General Service and related categories of staff would be most practical. It also found the revised scale of staff assessment rates to be implemented from 1 January 1992 to be in order.

66. With regard to the remuneration of staff in the Professional and higher categories, his delegation supported the Commission's recommendations that the General Assembly should rescind its earlier decision requiring the Commission to manage the margin over a five-year period so that the average margin would be around the midpoint of the range. It also supported the procedure outlined

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in paragraph 109 (b) of the report for the management of the post adjustment system within the current margin range, but purely as a short-term measure.

67. As a result of the reported increases in net base salary in the comparator civil service, his delegation reluctantly supported the Commission's recommendation to raise the current base/floor salary scale by 8.6 per cent on a no-overall-increase basis in order to prevent the estimated shortfall of 13 per cent between United Nations and United States base/floor levels by January 1992. It also agreed with the recommendation to implement from 1 March 1992 the resulting base/salary scale and associated staff assessment scale for use in conjunction with gross base salaries for staff members without primary dependants.

68. Turning to the recommended increase in the net remuneration levels for Assistant Secretaries-General and Under-Secretaries-General, his delegation believed that, while some adjustment in their compensation should be made and housing benefits should be adequate, prudence and restraint should also be exercised in determining the amount of increase granted.

69. On the question of the continued relevance of the Noblemaire principle to the United Nations common system, the impending increase in 1994 in the pay scales of the current comparator civil service reinforced the misgivings of his delegation about common system salary scales moving in lockstep with those of a comparator. The Commission's attempt to find an alternative comparator was no solution since the same problems were bound to arise sooner or later. While the Noblemaire principle had served its purpose since the days of the League of Nations, it was not sacrosanct. The time had come for the United Nations to establish a salary scale which would operate independently of any government comparator and adjust it from time to time and from place to place as was currently done. The Commission had staff qualified to do the job, which would introduce much needed simplicity in the definition and administration of the United Nations staff compensation and benefits system. It would also eliminate the technical difficulties of establishing grade and salary equivalences between United Nations posts and those of a comparator and would restore to Member States the sovereignty they had long since lost to a profit-motivated private sector in the current comparator country through a system in which the United Nations pay scales were in effect determined by that private sector. It was bad enough that the current system set United Nations scales up to 20 per cent above the United States scales, thereby establishing as the highest paid civil service in the world an Organization deeply committed to alleviating the plight of destitute Member States. What was worse was that the system mandated the funding of those salary scales by the same Members which received assistance from the Organization. Provided that the proposed independent common system salary scale sufficed to ensure a decent standard of living, the organizations would continue to attract those whose paramount motivation in seeking common system employment was the opportunity to make a contribution to the organizations and to toil shoulder to shoulder with other similarly dedicated individuals from all over the world. The Organization would continue to appeal to those who aspired to wear

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United Nations employment as a badge of honour. In short, the organizations of the common system would be served by staff who truly met the highest standards of efficiency, competence and integrity, rather than by those merely seeking the greatest material reward.

70. Turning to the report of the Pension Board, his delegation was happy to note that the Fund's actuarial imbalance had been reduced from 3.71 per cent of pensionable remuneration as of 31 December 1988 to 0.57 per cent as of 31 December 1990. Since the objective of an actuarial balance had not yet been achieved, it might be necessary at some time in the future to increase the contribution rate to 24 per cent. It was also encouraging to observe that as of 31 March 1991 the market value of the Fund's assets was $9,338 million, an increase of $780 million over the previous year. Considering the adverse economic conditions under which the Fund had been invested, its investments had been rather well managed. His delegation therefore agreed that the management should remain conservative in its investment approach in order to protect the Fund during the current financially uncertain times.

71. With respect to the Board's failure to reach an agreement regarding the methodology to be used in determining the pensionable remuneration of staff in the General Service and related categories, his delegation agreed with the Board's suggestion that, pending further studies of alternative methodologies, the current one should continue to apply, subject to a review of the current staff assessment rates. It was unfortunate that so far the Board had been unable to arrive at any decision on the methodology for the determination of the pensionable remuneration of ungraded officials. His delegation hoped that the matter could be settled by the Board in the very near future.

72. With respect to the pension adjustment system, his delegation fully supported the Board's decision regarding the long-term modification of the pension adjustment system, as outlined in paragraph 175 of the Board's report, and the resulting changes in the pension adjustment system as set out in annex XVIII of the report. Lastly, his delegation concurred in the Board's recommendation that no change should be made in its composition. It also agreed with the Board's decision to hold its regular sessions on a biennial basis and to report to the Assembly biennially with effect from 1992.

73. Mr. SPAANS (Netherlands), speaking on behalf of the 12 States members of the European Community, said that the United Nations common system and pension system were important unifying factors and ample time should be made available to thoroughly discuss the respective agenda items. The Twelve therefore proposed that the agenda item on the common system should be biennialized in order to more effectively allocate the time needed for proper discussion. In discussing the common system, the Committee should be careful to do justice to the dedication of United Nations staff and not to lose sight of the fact that there was more to working for the United Nations system than mere material benefits.

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74. The specific responsibilities attached to the tasks of organizations working on behalf of the international community and the necessary independence of the staff concerned had fully justified the application of the Noblemaire principle, according to which the conditions of service of staff in the Professional and higher levels should be similar to those of the highest-paying national civil service. It was important to ensure that staff throughout the system were appropriately rewarded for their efforts while, at the same time, keeping in mind the financial constraints which the United Nations system and its Member States faced. In all the countries of the Community, for example, the salaries of civil servants were also subject to rigorous constraints.

75. The Twelve were firmly committed to maintaining the unity, cohesion and integrity of the United Nations pension system. A reliable and affordable pension system was an integral part of the total compensation package which the organizations of the common system needed in order to attract, retain and motivate staff possessing the highest standards of integrity, efficiency and competence. The Twelve fully supported the integrity of the common system and wished to stress that in order to avoid unfairness and discrimination the system should remain the cornerstone of the United Nations family and should be responsive to the needs of its constituent parts. The Twelve believed that the current system was capable of fulfilling those needs but it required not only the full commitment but also the mutual appreciation of all its component parts and of the General Assembly and its subsidiary organs, ICSC and the Pension Board, to make it work. Attempts to weaken the common system or its pension scheme could lead to undesirable competition between the various organizations making up the United Nations family. The Twelve considered the common system and its Pension Fund to be a guaranty of the full independence of the international civil service.

76. The Twelve welcomed the improved quality of the current ICSC report and requested the Commission to continue its efforts in that direction. In order for the Fifth Committee to fulfil its policy-making role, the facts and options should be presented as clearly as possible. He underscored the importance which the Twelve attached to the full independence, impartiality and expert status of ICSC and recalled article 6 of its Statute, which stated that the Commission "should not seek or receive instructions from any Government or any secretariat or staff association of any organization".

77. The Twelve wished to emphasize their willingness to engage in a constructive dialogue with members of the United Nations staff within the appropriate existing framework. They feared, however, that the nature of recent statements by some staff organizations could have a detrimental effect on the discussion of the agenda item. If the United Nations system was to function coherently and effectively there must be compatibility and consistency between staff conditions of service in all participating organizations. It was important to recall that the General Assembly was responsible for discharging the functions of the United Nations with respect to the coordination of agency policies, including salaries and personnel

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matters, and ICSC had been established to assist with that process. The secretariats of United Nations organizations should systematically consult the common system bodies - the Commission and the Pension Board - before making proposals on staff conditions of service to their own governing bodies. ICSC should exercise its responsibility in full appreciation of the variety of conditions in the system, and agencies, executive heads and staff associations had a counterpart responsibility to uphold the common system at the central level, over and above sectoral considerations. Rights and obligations - of Governments, organizations and staff - must be balanced. The Twelve would welcome a more active role for all partners in the common system in promoting a strengthened commitment to the maintenance of the system as the common objective of all concerned.

78. The Twelve reserved their position on the management of the margin pending further clarification of the issue in the informal consultations. The issue was inseparable from broader considerations, and new developments, including the new perspectives offered by the United States Federal Employees Pay Comparability Act must be properly reflected in the United Nations remuneration system. The Twelve looked forward to further recommendations of ICSC at the forty-seventh session of the General Assembly and in the interim would welcome clarification of the different inflation assumptions in paragraphs 107 and 109 of the Commission's report.

79. While the Twelve were sympathetic to the thrust of the Commission's recommendations regarding the pensionable remuneration of ungraded officials, they felt that its decision was perhaps acceptable as a first step but that it did not really go to at the heart of the matter. Comparability had existed during the past 45 years with respect to the salaries of such officials, and it was puzzling that no such comparability had existed in their pensionable remuneration since 1985. Bearing in mind the repeated references in the documentation to the "sovereign right" of each governing body to determine the conditions of service of its ungraded officials, the Twelve would appreciate confirmation by the Commission that it was satisfied that the current levels of pensionable remuneration had specifically been approved by those governing bodies, just as they had specifically approved the related base salaries. That was an important question which affected the definition of the rights which the Commission referred to as "acquired".

80. The Commission expected there to be comparability in the pension arrangements of ungraded officials outside the Pension Fund but provided no specifics on the standards for that comparability or on which body would develop them and monitor adherence thereto. The issue deserved careful consideration at the current session, taking into account the comments of ACABQ in paragraph 26 of its report (A/46/614). The Commission should continue to be seized of the matter and should report thereon to the General Assembly at its forty-seventh session.

81. The Twelve were concerned that the Pension Board had not reached a decision on comparability, particularly since the issue was clearly within the

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purview of the Board. The issue was fundamental to the common system and the Board should elaborate a clear position on it at the next session. The General Assembly had a central role and should state its position on the matter at the current session.

82. The Twelve were disappointed at the Board's lack of decisiveness with regard to longevity steps in ILO and WHO and requested the Chairman of the Board to indicate at the current session the reasons behind its tacit recognition of the additional steps in those organizations, given the unambiguous nature of section VI, paragraph 1 of General Assembly resolution 45/241. As to the explanation by one of those organizations that the additional steps had been granted for meritorious service, the Twelve wished to point out that merit and automaticity did not go together. The difficulties which certain organizations faced in properly remunerating certain categories of officials should be dealt with in consultation with ICSC, and not by unilateral action.

83. It was entirely appropriate that the methodology underlying the salary and pension systems of the General Service category should be thoroughly reviewed in order to identify inconsistencies and the reasons for them. Pending clarification in informal consultations at the current session, and without prejudice to the decisions to be taken at the forty-seventh session of the General Assembly regarding the desirability of changes in the methodology, the Twelve endorsed the approach suggested by the Commission in paragraphs 90(a) and (b) of its report. The Secretariat should provide further information as to how the consultancy fees mentioned in paragraph 90(c) would be funded. He noted that the Pension Board had not yet been able to agree on a common position on revisions of the methodology and drew attention to paragraph 14 of the report of ACABQ (A/46/614) in that connection.

84. With regard to the Commission's recommendation concerning the base/floor salary scale, the Twelve considered that the report did not provide sufficient data to justify the proposed increase of 8.6 per cent and requested further information on that point, on its relationship with the new mobility/hardship scheme and on the reasons behind the effective starting date of the proposed increase.

85. The Twelve believed that the conditions of service of Assistant Secretaries-General and Under-Secretaries-General should be governed by the common system. Additional information on job classification under the Executive Schedule of the comparator service would have enabled them to judge the merits of the grades discussed in paragraph 170 of the Commission's report.

86. After recalling the background to the Commission's discussion of actions taken by ILO and ITU, he said that the Twelve took note of the conclusions of the Commission in paragraph 31 of its report and regretted that the ILO Governing Body had taken its decision without prior consultations with ICSC. They also took note of the fact that the ILO staff regulation concerning the

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definition of pensionable remuneration had been amended in accordance with the request of the General Assembly in section V of its resolution 45/242. The Twelve fully endorsed the conclusions and decisions of the Commission regarding ITU, as reflected in paragraphs 42 and 45 of the Commission's report. With regard to the pension system, paragraph 177 of the Pension Board's report suggested that ITU had acted in a manner which appeared to dictate a particular conclusion.

87. The Twelve generally shared the views of ICSC concerning the proposals by ACC on improving the functioning of the Commission. Appropriate arrangements for the representatives of organizations and staff associations to participate in the Commission's work and thereafter address the Fifth Committee provided the latter with important input from staff and administrations. They fully agreed with ACC that a good understanding of the various views of the common system was essential to its improvement. The Twelve agreed with ACC and ICSC that, overall, the latter had functioned relatively well and that its statute was a healthy instrument. The Twelve believed that the current system for appointing members of the Commission worked well and would require convincing that the current system, which enabled both ACC and the staff associations to submit comments on nominees, should be changed. The relationship between the Fifth Committee and the Commission could be improved by paying particular attention to the precision and transparency of Fifth Committee resolutions. There was no need to establish a steering committee, the mandate of which would raise important problems of principle and procedure.

88. With regard to issues relating more specifically to the report of the Joint Staff Pension Board (A/46/9), the Twelve had noted that the recurrent administrative costs in the budget estimates for 1992-1993 amounted to approximately 0.17 per cent of the estimated pensionable remuneration for the forthcoming biennium and provided for the establishment and reclassification of 15 posts. While acknowledging that the servicing responsibilities of the Board's secretariat had increased the number of beneficiaries, and that some resource growth was inevitable, the Twelve wished to stress the importance of ensuring that the secretariat carried out its work efficiently. They therefore concurred with the recommendations of ACABQ in its report (A/46/614).

89. The Twelve were pleased with the developments in the Fund's investments. The policy of increasing diversification in terms of currencies and countries while maintaining a careful balance between risk and reward expectations appeared to be working well. They underscored their support for the prudent management of the Fund in the interests of current and future participants and beneficiaries.

90. The Twelve were also pleased to note the significant reduction in the Fund's actuarial imbalance, while recognizing that a balance had yet to be achieved. They welcomed the fact that the measures adopted pursuant to General Assembly resolution 44/199 had produced the expected results and objected to any further increase beyond the 23.7 per cent level. The Board

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should identify any additional measures and alternative solutions needed to improve the actuarial balance.

91. The Twelve appreciated the complexity of the debate and negotiations in the Board with regard to the pension adjustment system and would carefully study the consensus proposal which had emerged. However, they also were concerned at the potential impact on the actuarial imbalance, particularly in view of the uncertainties regarding the future evolution of exchange rates. As long as contributions payable in respect of all participants continued to be based on a universal dollar scale, the principle set out in General Assembly resolution 31/196 could not be totally abandoned. In changed circumstances, the question of the 120-per-cent cap indeed required urgent study. The proposed solution, if accepted by the Committee, could apply only for a limited period of time. In view of the complexity of the pension adjustment problem, it should be given further consideration. Moreover, the system should not lead to higher costs for Member States. Thus, the parameters for the adjustment of the system were limited. The current monetary basis of the system should be kept under review.

92. The Twelve were profoundly concerned that for the first time in a number of years consensus had been broken in the Board by a vote on the issue of the interest rate applied to lump-sum commutations. If the Board's recommendations were to command the confidence of the General Assembly, they must be adopted by consensus. The Twelve urged caution about extending the number of years of contributory service, and continued to believe that a reasonable relationship with the comparator should be maintained, taking into account all relevant factors. In conclusion, he said that the Twelve were pleased to note the general trend towards an increasingly integrated system.

93. Mr. TOYAMA (Japan) said that the most important task of the Committee at the current session was to address the problems caused by the unilateral actions taken by ITU and ILO. Despite their temporary nature, the decisions of those two organizations ran counter to the principles underlying the common system and in fact did it harm. If the rules of the common system were not sufficiently flexible to accommodate diversity, they should be amended for the system as a whole, and not by individual organizations acting alone.

94. It was not sufficient for ICSC to decide that the unilateral actions taken by ITU and ILO did not constitute precedents. The rules concerning the authority of the Commission should be amended at the current session to prevent such action from occurring in the future. His delegation agreed with the representative of Australia that consideration should be given to applying sanctions to organizations which, by their actions, displayed contempt for the common system. ITU had not provided sufficient information on the application of special post allowances to its staff. Information was needed on how many staff members received the allowances and on what basis.

95. Turning to the question of pensionable remuneration, his delegation believed that ungraded officials who were participants in the Pension Fund

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should not receive pensions from both their own organizations and the Fund. Corrective measures should be taken to standardize the level of pensionable remuneration they received within the common system, and his delegation therefore supported the recommendation in paragraph 71 of the Commission's report. With regard to pensionable remuneration for General Service staff, his delegation endorsed the proposed assessment whereby the pensionable remuneration of one group would increase as that of another decreased. However, it disagreed with the way in which the assessment would be applied and could not understand the reason for the dual approach. The new assessment should be applied to all staff members.

96. Turning to the conditions of service for the Professional and higher categories, and to the question of the margin, he recalled section VII of General Assembly resolution 45/241 and stressed that while a prolonged freeze should be avoided, ICSC need not forswear all freezes, as that might render meaningless the margin range and mid-point which the General Assembly had established by consensus after arduous negotiation at its fortieth session. His delegation therefore disagreed with the views in paragraph 105 of the ICSC report.

97. As to the base/floor salary, his delegation did not understand why the mobility/hardship allowance should increase automatically. The allowance should be frozen until ICSC thoroughly considered the possibility of abolishing the linkage between it and the base/floor salary and presented a recommendation at the forty-seventh session of the General Assembly.

98. His delegation had no difficulty with the methodology discussed in the ICSC report concerning the identification of the highest paid national civil service. However, it was not convinced of the need to review the methodology every five years as proposed in paragraph 159 of the report.

99. His delegation was prepared to give serious consideration to the salary increase recommended by the Commission for Assistant Secretaries-General and Under-Secretaries-General. Those officials should strive to recoup the cost of such increases through effective management and increased productivity in their departments and organizations.

100. With regard to the conditions of service of General Service staff, his delegation had difficulty accepting the principle of "best prevailing conditions of service" at each duty station, since it implied that in areas where the number of private companies was small but mostly of high calibre, such salaries were likely to be extremely high. The ITU problem had been caused by a reduction and in the difference between the conditions of service of Professional and General Service staffs, and it was therefore necessary to establish guidelines for determining the relationship between the salaries of the two groups.

101. With regard to the functioning of ICSC, his delegation believed that the most important goal should be to preserve and promote the Commission's

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independence. Accordingly, his delegation could not possibly concur with most of the views of ACC on the subject, as they would reduce the Commission's independence and restrict its authority. It was essential to support the Commission's authority in the interests of the integrity of the common system. His delegation trusted that the Chairman of ICSC recognized the need to pursue the reforms which Member States expected of it.

102. In conclusion, the Committee should take due note of paragraphs 21, 22 and 23 of the report of ACABQ on the United Nations pension system; in particular, his delegation strongly supported the Committee's recommendations in the final sentence of paragraph 22 and the last two sentences of paragraph 23.

103. Mr. ŠUCHMAN (Czechoslovakia) commended ICSC on the manner in which it had discharged its responsibilities. With regard to the discussion of the evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system, his delegation expressed concern at the freeze recommended in paragraph 109(b) of the Commission's report (A/46/30), given the uncertainty as to how long it might last. Moreover, it would be risky to rely on the calculation of the comparator's wages based on the United States Federal Employees Pay Comparability Act. His delegation fully understood that the Commission had been guided by the desire to act within its mandate from the General Assembly. The Fifth Committee should consider the current situation regarding wages from the broader perspective of the entire common system.

104. His delegation welcomed the fact that ICSC had requested further analyses in connection with the comprehensive review of pensionable remuneration for the General Service and related categories of staff and that it had not yet adopted a final recommendation. Endorsement of the principle whereby salaries were determined on the basis of local conditions did not automatically mean that the principle should apply to the system of pensionable remuneration. Careful consideration must be given to the potential impact of any change in methodology for determining pensionable remuneration. Factors such as exchange rates, the distribution of the resources of the Pension Fund and increased demands in terms of analytical and administrative work must be taken into account. The views of staff unions and associations also should be considered.

105. His delegation fully supported the Commission's efforts to elaborate recommendations to increase the proportion of women in the secretariats of the common system, particularly at the Professional and higher levels.

106. The suggestions made to improve the functioning of the Commission were very useful and his delegation believed that it would be inappropriate and premature to introduce any changes in its status. The discussion on the functioning of ICSC as well as other items on the Board's agenda had pointed to the need for a broader discussion of the principles underlying the common system.

The meeting rose at 6.15 p.m.

UNITED NATIONS

General Assembly

FORTY-SIXTH SESSION

Official Records

FIFTH COMMITTEE
41st meeting
held on
Monday, 25 November 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 41ST MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 107: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993 (continued) (A/46/6/Rev.1 and A/46/7)

AGENDA ITEM 108: PROGRAMME PLANNING (continued) (A/46/16 and Add.1)

1. Mr. SOMOVIA (Chile) said that with the end of the cold war, the United Nations must now attach greater political importance to social issues and focus on developing the tools needed to deal with problems of human security, stemming from economic, social, humanitarian and environmental causes. In so doing, the Organization should strive for the same effectiveness which had characterized its traditional peace-keeping efforts.

2. Although the United Nations had accomplished a great deal in the social field, there was much more to be done. At the request of the Secretary-General, he had been holding consultations on the possibility of convening a world summit on social development and had become very familiar with the difficulties which the United Nations faced in tackling the world's social ills. It was essential to ensure the effective utilization of the very limited resources that would be available to the United Nations during the coming biennium. Moreover, since the United Nations would inevitably have to assume increased responsibilities if it was to respond effectively to the needs and expectations of Governments, additional resources would be required, and that reality should be a main concern during the budget preparation process for the biennium 1994-1995.

3. Only 5.22 per cent of the current total budget estimates had been allocated for social programmes, of which the Centre for Social Development and Humanitarian Affairs in Vienna was to receive only 0.59 per cent. The United Nations therefore must reassess its priorities and redeploy existing resources for social activities benefiting the neediest members of society.

First reading (continued)

Section 2. Good offices and peace-making; peace-keeping; research and the collection of information (continued)

4. The CHAIRMAN recalled that the Committee had decided to defer consideration of section 2 pending action by the relevant intergovernmental bodies on the question of peace-making. The Special Political Committee had adopted draft resolution A/SPC/46/L.9 at its 26th meeting on 21 November. The fifth preambular paragraph of the draft resolution referred to the question of peace-making.

5. Mrs. GOICOCHEA (Cuba) requested the Office of Legal Affairs to inform the Fifth Committee of the justification for the inclusion of the reference to peace-making activities of the Secretary-General, which constituted a new

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mandate, in a preambular paragraph of the draft resolution adopted by the Special Political Committee (A/SPC/46/L.9) rather than in an operative paragraph. That was an unacceptable precedent. Furthermore, the matter unfortunately had not been submitted to the Sixth Committee. Her delegation planned to propose the inclusion in the Fifth Committee's resolution on the item under discussion of an operative paragraph objecting to the violation of precedent she had mentioned.

6. The draft resolution adopted by the Special Political Committee included good offices among the peace-making activities of the Secretary-General. However, in the heading of section 2, good offices and peace-making were separate concepts. She asked the Secretariat to clarify where in the medium-term plan the specific activities described in paragraph 2.7 of the proposed programme budget appeared. During the informal consultations on the section, it would be necessary to adjust the language of paragraphs 2.67 and 2.68, and in particular, paragraph 2.68 (f), so that the description of the activities was consistent with the language used in the medium-term plan.

7. Lastly, her delegation wished to know what legislative mandate justified the presentation of paragraph 2.71, in particular, the last sentence thereof.

8. The CHAIRMAN suggested that the information sought by the Cuban delegation with respect to the draft resolution of the Special Political Committee could be provided in informal consultations, after the Committee adopted section 2 in first reading.

9. Mrs. GOICOCHEA (Cuba) said that her delegation wished the information to be provided in a formal meeting of the Fifth Committee.

10. Mr. KINCHEN (United Kingdom) said that any request for advice from the Office of Legal Affairs was a matter to be decided on by the Committee as a whole and that his delegation wished to consider the matter further.

11. Mr. MICHALSKI (United States of America) said that it was inappropriate for a legal interpretation of a draft resolution of the Special Political Committee to be given in the Fifth Committee. His delegation had no objection to the issue being raised in the informal consultations.

12. The CHAIRMAN suggested that since the Committee was pressed for time, delegations should not dwell on whether the legal opinion requested by the Cuban delegation should be given in a Committee meeting or in informal consultations.

13. Mrs. GOICOCHEA (Cuba) said that her delegation had no objection to proceeding with the adoption of section 2 in first reading. Her delegation was not seeking legal advice on the concept of peace-making per se. Rather, it wished to know by what authority a new concept creating a new mandate had been included in the preamble to the draft resolution adopted by the Special

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Political Committee, rather than in an operative paragraph. It was necessary to learn what the practice had been in the past.

14. She further emphasized that she was not seeking a decision on whether the legal opinion she had requested should be heard in the Fifth Committee itself or in informal consultations. She underscored her delegation's firm belief that the Fifth Committee was fully competent to hear the legal opinion requested.

15. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee wished to approve the conclusions and recommendations of the Committee for Programme and Coordination on section 2, as contained in paragraphs 77 to 79 of document A/46/16.

16. It was so decided.

17. The recommendation of the Advisory Committee for an appropriation in the amount of $72,071,000 under section 2 of the proposed programme budget for the biennium 1992-1993 was approved in first reading, on the understanding that the issues raised in connection with section 2 would be considered in informal consultations and any necessary adjustments made.

18. Mrs. GOICOCHEA (Cuba) said that she presumed that the question of the legal competence of the Fifth Committee in the matter she had raised would be left open.

19. The CHAIRMAN said that that was his understanding.

Section 6. Special political questions; regional cooperation; trusteeship and decolonization (continued) (A/C.5/46/39)

20. The CHAIRMAN stated his dissatisfaction at the late submission of the revised estimates under section 6, which had delayed the work of both the Advisory Committee and the Fifth Committee. He suggested that the Committee should defer taking action on the section until the report of the Advisory Committee was available.

21. It was so decided.

Section 27. Economic and Social Commission for Western Asia (continued) (A/46/7/Add.2; A/C.5/46/18)

22. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Economic and Social Commission for Western Asia had not discussed its proposed programme of work for the biennium 1992-1993, its sixteenth session having been postponed from April 1991 until April 1992. The proposed programme of work was thus a provisional one, based on that for the biennium 1990-1991. The Advisory Committee was recommending

approval of the Secretary-General's estimate of $51,630,000 on the understanding that further revised estimates for section 27 would be submitted to the Assembly at its forty-seventh session.

23. Mr. COHEN (United States of America) noted that, according to table 27.5 of the proposed programme budget, there were 188 local-level staff at ESCWA, and that the Advisory Committee had stated that 95 local-level staff members remained in Baghdad (A/46/7/Add.2, para. 4). He asked whether the 95 staff referred to by the Advisory Committee were included in the 188 referred to in table 27.5, and, if so, whether the remaining staff were now in Amman, and what the difference in salary costs between Baghdad and Amman was.

24. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that the difference in staff members was accounted for by internationally recruited General Service staff. Local staff had remained in Baghdad, and internationally recruited staff had been moved to Amman. Costs were higher in Baghdad than in Amman, and the difference would be reflected in the revised estimates under the section.

25. Mr. COHEN (United States of America) asked for the exact amount to be provided in informal consultations.

26. Mr. MORDACQ (France) noted that the revised estimates submitted by the Secretary-General under section 27 were higher than the initial estimates, and asked whether the difference would be charged to the contingency fund.

27. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that the proposed programme budget had indicated that detailed resource justifications in respect of section 27 would be provided at a later stage, given which the revised estimates now before the Committee were simply part of the budget proposals and did not involve any recourse to the contingency fund.

28. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee wished to approve the programme narrative of section 27 as contained in document A/C.5/46/18.

29. It was so decided.

30. The recommendation of the Advisory Committee for an appropriation in the amount of $51,630,000 under section 27 of the proposed programme budget for the biennium 1992-1993 was approved in first reading, on the understanding that the issues raised in connection with section 27 would be considered in informal consultations and any necessary adjustments made.

Section 23. Economic Commission for Africa (continued)

Review of translation and interpretation services for all official languages in the Economic Commission for Africa (continued) (A/46/7/Add.1; A/C.5/46/19)

31. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that section 23 contained a provision of $710,700 for the reviving of the training programme for translators at ECA. The Advisory Committee concurred in the Secretary-General's proposals.

32. The Advisory Committee indicated in its report (A/46/7/Add.1) various problems which needed to be resolved. Successful candidates from the ECA training programme had often left the Commission following completion of a few years of service, so that the training programme was essentially providing staff for service elsewhere. The Advisory Committee believed that the Secretary-General should reinforce the contractual obligations of the successful candidates to ensure that they stayed longer at ECA. There was a need for better coordination between Headquarters and ECA with regard to the training, placement and rotation of translators, giving priority to filling vacancies at the Commission.

33. With regard to interpretation services, the Advisory Committee had taken the view that the current practice of using freelance interpreters was not efficient. The level of conference services at ECA should be reassessed following completion of the construction programme to determine whether there was justification for full-time interpretation staff who could be redeployed elsewhere for short periods, as necessary.

34. Mr. MICHALSKI (United States of America) said that the Secretary-General should submit firm recommendations concerning the contractual status of training programme graduates at the forty-seventh session. There was a need for permanent staff at ECA, and staff members who had been recruited following successful completion of the training course should not then rotate to other duty stations such as New York and Geneva.

35. Mr. IRUMBA (Uganda) said that although he agreed with the view of the Advisory Committee that staff should be retained at Addis, the question arose of how that should be done. Part of the problem seemed to be working conditions at ECA, and that aspect should be considered in addition to any contractual arrangements. His delegation also agreed that there was a need to strengthen interpretation services at ECA in order to eliminate the use of freelance staff, but saw no reason to wait until the end of the construction project. Lastly, he assumed that the project to improve the technological capacity of ECA (A/C.5/46/19, para. 15) would be completed by the end of the biennium.

36. Mr. ZAHID (Morocco) welcomed the reduction in the vacancy rate at the ECA Translation Services Unit from 41 per cent in 1990 to 33 per cent in August 1991. With regard to retaining staff at ECA, he failed to see how conditions could be imposed on some international staff that were not imposed

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on all others. It might be better to consider the question of motivation of staff at the Commission. His delegation concurred in the Advisory Committee's view that the question of interpretation services could be considered further in the context of the level of conference services required at the Commission following completion of the construction project.

37. Mr. LAOUARI (Algeria) said that every effort should be made to ensure that the training programme at ECA resolved the Commission's staffing difficulties in the area of conference services. Particular attention should be paid to the need for Arabic coverage. Further, the Secretary-General should devise incentives to retain staff at the Commission. The use of freelance interpreters was clearly not an efficient practice, given which consideration should be given to a training programme for such staff. The argument that freelance interpreters cost less was not convincing, given the lower level of efficiency that was obtained. He asked what practice was followed at the other regional commissions.

38. Mr. MONTHE (Cameroon) said that the General Assembly, in its resolution 45/248 B, had expressed its concern over the difficulties experienced by ECA in the area of conference services, and called for the revival of the training programme. His delegation trusted that every effort would be made to identify appropriate training institutions by the end of 1991. His delegation concurred in the recommendations of the Advisory Committee with regard to the training programme for translators. Further, in view of the number of meetings held at ECA, which was likely to increase, the use of freelance interpretation staff was not an efficient solution. Consideration should be given to establishing a permanent interpretation staff at the Commission, as suggested by the Advisory Committee. Lastly, with regard to other conference services issues, he urged the Secretary-General to strengthen conference services at ECA without waiting for the end of the construction project.

39. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that the arrangements for interpreters and translators varied from commission to commission. ESCAP employed translators who also performed interpretation functions, ECE was serviced by the permanent translation and interpretation staff at UNOG, while ECLAC and ESCWA had the same system as ECA.

40. The CHAIRMAN said that action on the matter would be deferred pending consultations on the exact wording of the decision.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30, A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33, A/C.5/46/35 and A/C.5/46/45)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/45)

41. Mr. ZAHID (Morocco), speaking on behalf of the member States of the Arab Maghreb Union, said that the aim of the International Civil Service Commission's own review of its functioning (A/46/30, vol. II) was to improve

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its operation as the main United Nations body responsible for regulating and coordinating conditions of employment in the organizations of the common system. According to the report on that functioning by the Administrative Committee on Coordination (ACC) (A/46/275) the Commission's difficulties were not inherent in its statute but in the manner in which the statute had been interpreted. In the opinion of the organizations of the common system, the problems experienced in the Commission's functioning were increasing politicization, lack of appreciation for the differences between organizations of the common system and an overburdened work programme. A number of recommendations were made to solve those difficulties. The Commission, for its part, while reaffirming its independence and objectivity, agreed with ACC that one of its problems was the heavy workload. To cope with that problem, it would need either to reduce its agenda or be given increased means. The members of the Arab Maghreb Union considered that the Commission should pursue its efforts to rationalize its agenda while taking duly into account the requests of the General Assembly and the urgency of the matters with which it was required to deal. It should continue to take into account the varying needs of the organizations in the common system and their special concerns. The members of the Arab Maghreb Union agreed with the Commission that the smooth functioning of the common system required cooperation and goodwill from all sides.

42. In its resolution 45/241, the General Assembly had requested ICSC to continue to monitor the evolution of the margin and also the impact of the potential changes in the pay levels of the comparator civil service under the Federal Employees Pay Comparability Act of 1990. The aim was to avoid a prolonged freeze of post adjustment and to keep United Nations salaries competitive. On the basis of a number of assumptions, including a probable increase of 4.2 per cent in the CPI and ECI in New York, the Commission had concluded that the implementation of the Act would reduce the margin to 15 per cent in 1994 and 10 per cent by 1996. On the basis of those probable effects, the Commission had recommended the General Assembly to rescind its decision requiring the Commission to manage the margin over a five-year period so that the average margin would be around the midpoint of the range. It had also recommended a transitional measure until 1994 whereby, instead of granting the full increase warranted by the movement of the post adjustment index for New York, only a partial increase would be granted so as to keep the margin within the range approved by the General Assembly. That was a reasonable recommendation and should be given favourable consideration.

43. According to paragraph 119 of the report, in 1991 the net base salary of the comparator was 8.6 per cent higher than the United Nations level. The increase for the United States federal civil service, that would take place in 1992 would increase the gap to almost 13 per cent. The Commission accordingly recommended that the current base/floor salary scale should be increased by 8.6 per cent. The financial implications of the recommendation would be some $5,880,000, most of which would be covered by extrabudgetary funds. Given the size of the gap between the comparator service and the United Nations, the members of the Arab Maghreb Union believed that base

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salaries should be increased, bearing in mind the financial implications of the recommendation for the budget of the United Nations and those of the other organizations of the common system.

44. The Commission had engaged in a comprehensive review of the conditions of service of Assistant Secretaries-General and Under-Secretaries-General. Since it had not succeeded in establishing direct grade equivalencies between the common system and the comparator service, it had been obliged to set approximate working equivalents. It had recommended an increase in net remuneration levels for Assistant Secretaries-General and Under-Secretaries-General in the range of 7 to 11 per cent, in order to reflect improved conditions of service at the equivalent levels of the Executive Schedule of the comparator service. It had further recommended that housing arrangements and representation allowances should be left to the discretion of the executive heads of the common system. The members of the Arab Maghreb Union, while supporting an increase in principle, considered that the amount of the increase should be determined during the informal consultations on the basis of additional information about its impact.

45. In accordance with General Assembly resolution 45/242, the Commission, in cooperation with the United Nations Joint Staff Pension Board, had reviewed the methodology for determining the pensionable remuneration of ungraded officials, including the executive heads of member organizations, who were participants in the Pension Fund. The Commission recommended that the procedure used for the Administrator of the United Nations Development Programme and the Director-General for Development and International Economic Cooperation should be applied to all ungraded officials, whether appointed or elected, who were participants in the Fund. The members of the Arab Maghreb Union had no objection to that recommendation.

46. ICSC and the Pension Board had also examined the question of pensionable remuneration for General Service staff but had been unable to agree on a recommendation. The representatives of the staff had argued in favour of keeping the current system on the grounds that it had worked well and needed only minor modifications. The Commission suggested that the current method should be retained pending a comprehensive study of the matter to be carried out in stages according to the time-frame proposed in paragraph 84 of its report. The members of the Arab Maghreb Union were in favour of carrying out that study bearing in mind the opinion of the staff representatives who were in favour of keeping the current system.

47. Mr. OSELLA (Argentina) said that his delegation shared the concern expressed by ICSC at the decision of the International Labour Organisation to establish a Voluntary Thrift Benefit Fund, and at the unilateral action by the International Telecommunication Union to grant a special post allowance, and agreed that those decisions should not set a precedent. The Fifth Committee had a responsibility to stress the advantages to executive heads and to Member States of a genuine common system which would prevent anomalies of that kind.

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48. As far as the functioning of ICSC was concerned, the Commission could do very little unless Member States and executive heads were united in a determination to preserve the common system. His delegation had noted the opinion of ACC regarding the increasing politicization of the Commission, its lack of appreciation for the differences between the various organizations, its overburdened work programme and its increasingly regulatory approach. The Commission undoubtedly had a very difficult mandate but it had always maintained a high level of technical skill, impartiality and independence. Its authority as a subsidiary body of the General Assembly in all matters relating to the conditions of service of international civil servants should be ratified. There had been improvements in its functioning, such as the recent changes in the format of its reports. The tripartite working groups were an effective means of settling matters involving staff associations, agencies and Member States, and should be convened whenever the Commission thought it advisable. The appointment of the Commission's members should be based on the need for a balance between experience and technical skill and the need for new blood. The recommendation that appointments should be limited to three terms would seem best suited to achieve that balance. If the current effort to rationalize the work of the General Assembly succeeded in biennializing consideration of a number of agenda items, the United Nations common system should not be an exception to that rule, but the Commission should continue to report each year so that Member States could be kept informed about the many matters with which it dealt.

49. Turning to the recommendations contained in the Commission's current report (A/46/30), he said that it was two years since the General Assembly had decided to maintain the margin between the common system and the comparator service at around 115 over a five-year period, on the understanding that it made possible a consensus on the resolution proposing a general increase of 5 per cent. The implementation of that decision had led in the short run to a freeze of salaries for United Nations staff. A solution should be found that would keep salaries at a level that could attract the best candidates. The Committee's decision should take into account the effects of the United States Federal Employees Pay Comparability Act, which was intended to reduce the disparity between the private and public sectors over the next 10 years. Beginning in 1994, the effects of the Act would be encouraging for the United Nations system.

50. The Commission and the Joint Staff Pension Board had both continued their study of pensionable remuneration and the pensions system. No agreement had been reached in the Board about whether the current methodology caused problems or anomalies, but the Board should pursue its consideration of the matter and reach a definitive conclusion on the matter at its summer session. The options proposed were retaining the current methodology, applying local practice according to the best prevailing conditions at each duty station, the income replacement concept and using local taxes to gross up net salaries. Until the study of the effects of those proposals had been completed, the current methodology should be retained. When the studies were complete, the

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Commission should give priority to reviewing the methodology and proposing concrete solutions. His delegation was pleased by the report of the Fund's investment income and regarded the 3.8 per cent real rate of return as gratifying. It was also gratified by the effort to increase investments in developing countries, many of which were applying tax reform and economic stabilization policies.

51. Mr. KABIR (Bangladesh) said that his delegation attached great importance to maintaining the integrity and unity of the common system. Given the diversity of objectives and operational requirements within the system, that was not an easy task and would require cooperation, goodwill and confidence on all sides. The recent decisions by ILO and ITU were not consistent with the common system and constituted a threat to it. The instrument that the General Assembly had created in 1974 to regulate and coordinate the conditions of employment of the staff throughout the system, namely, ICSC, was still valid and the fundamental concept must be preserved. His delegation shared the Commission's concern and fully supported its recommendations in that connection, and hoped that confidence between the Commission and the other organizations of the common system would be restored through greater understanding of each other's roles and requirements. It hoped that, in future, conditions of employment in all the organizations of the common system would be coordinated through the Commission.

52. The Commission's review of its own functioning (A/46/30, vol. II) showed that it was functioning well. Several improvements had been made in its reporting methods, including greater transparency. His delegation was encouraged by the Commission's avowed intention to improve its operations and would support any measure aimed at strengthening its effectiveness, independence and impartiality.

53. The question of the net remuneration margin for the Professional and higher categories of staff was a complex issue that merited careful consideration. The Commission's recommendations regarding the removal of the five-year averaging requirement and the granting of a partial post adjustment needed to be viewed in the context of the serious impact of the long freeze on the remuneration of the Professional staff and its consequent decline in real value. His delegation supported the Commission's recommendations in that respect. An upward adjustment of net base salaries by 8.6 per cent would bring them in line with those of the comparator civil service. His delegation was in favour of the increase, which would allow the Organization to recruit and retain the best qualified staff. There were also grounds for improving the conditions of service of Assistant Secretaries-General and Under-Secretaries-General, but the matter could perhaps best be dealt with in the informal consultations, using a pragmatic and prudent approach. His delegation also supported the Commission's recommendations on the pensionable remuneration of ungraded officials. If the governing bodies of some of the organizations in the system wished to keep their elected officials out of the Joint Staff Pension Fund, it was their prerogative to do so. However, once

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those officials became participants in the Fund, their pensionable remuneration should be determined according to the common system approach.

54. His delegation had carefully examined the views of the Joint Staff Pension Board on the proposed modifications to the pension adjustment system. The Board's recommendation would make the system more stable and merited favourable consideration. He was happy to note that the real rate of return on the Pension Fund's investments for 1990 was 3.8 per cent despite adverse economic conditions and turmoil in the financial markets. The Fund's defensive strategy and its policy of diversification had protected it in a difficult time. He commended the Investment Committee on its work and hoped that it would continue to ensure steady income through its judicious policies.

55. Mr. DUHALT (Mexico) said that the technical complexity and political delicacy of the items relating to conditions of service gave them a special place in the Fifth Committee's work programme. It was the Committee's responsibility to adopt a series of measures that would strengthen the common system, maintaining a delicate balance between what would be technically desirable and what was politically satisfactory. The legitimate interests of the men and women working for the United Nations system must be considered in the light of the administrative necessities that ensued from a system of human resources management which while aiming to be coherent and fair must accord with the financial limitations faced by the organizations of the system as a whole.

56. During the general discussion of the items, Member States had had an opportunity to hear the views and requests of various representatives of the staff. In some cases, the tone of the interventions had been frank and respectful. In others, however, it had been regrettably aggressive and confrontational. His delegation was always ready to listen to the staff and urged them to continue to participate in the dialogue. At the same time, however, together with their recommendations for improved conditions of service, the staff associations should make recommendations for improving productivity. Constantly improving the productivity of the international civil service was a joint responsibility of Member States, administrations and staff. His delegation was sure that, on the basis of the Noblemaire principle, the United Nations could achieve a civil service more productive than any national system.

57. In general, the Commission's recommendations to the General Assembly seemed solidly based. All of them would, no doubt, receive detailed consideration during the informal consultations. Among those which his delegation regarded as particularly important was that concerning the evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations. There were two dimensions to the problem. On the one hand, the decisions adopted would have important repercussions on the technical management of the relationship between conditions of service in the United Nations system and those of the

(Mr. Duhalt, Mexico)

comparator. On the other, they could have serious political effects on the wider aspects of staff management system-wide. His delegation shared the views expressed by the Commission and hoped that the matter would be dealt with in the Fifth Committee in a spirit of political flexibility, taking fully into account the probable effects of the 1990 United States Federal Employees Pay Comparability Act.

58. The Commission also made a number of recommendations on adjustments to the remuneration system that had financial implications for Member States, including the proposed increase in the base/floor scale and the increase in the remuneration of Under-Secretaries-General and Assistant Secretaries-General. His delegation generally agreed with the rationale for the recommendations and hoped that the Fifth Committee would be able to find a solution that would be satisfactory to all parties.

59. The functioning of ICSC was a matter of constant interest to Member States as well as to the administrations and staff of the system. His delegation expressed appreciation of the Commission's work and the constant efforts of its Chairman to improve communications with Member States. The General Assembly would need to consider the various recommendations for improving the Commission's functioning in depth before any decision was taken. The Commission's current status as an expert body should be maintained. Making it a tripartite organ, far from reducing the political character of some of its discussions, could turn it into a kind of labour negotiations forum contrary to the principles upon which it had been established. Its heavy workload had not been conducive to the study of general issues related to strategic planning for the system as a whole. His delegation hoped that the Commission's programme of work for 1992 could include a special meeting to be devoted to the consideration of ways of strengthening the common system and promoting mobility of staff among the specialized agencies.

60. Turning to the report of the Joint Staff Pension Board (A/46/9), he said that the Board's programme of work had included items of great importance to the operation of the Pension Fund, such as the detailed consideration of the pensionable remuneration of General Service staff, the methodology for determining the pensionable remuneration of ungraded officials and the pension adjustment system. Unfortunately, there had been no consensus on some of those topics regarding the recommendations to be submitted to the General Assembly. In respect of the pension adjustment system, his delegation supported the Board's recommendation that the "Washington Formula" should be modified as indicated in paragraph 175 of the report. The recommendation was the outcome of lengthy and difficult negotiations among all the members of the Board. The Board's deliberations had taken place in conditions of great pressure. Unfortunately, action in defence of staff interests had taken the form of physical interference in the discussion. It was to be hoped that, in future, the Board would be able to conduct its proceedings in an atmosphere of tranquillity and respect conducive to calm and objective decision-making.

(Mr. Duhalt, Mexico)

61. In conclusion, he expressed his delegation's satisfaction at the considerable decline in the actuarial imbalance of the Pension Fund and the positive real rate of return on its investments for the ninth straight year. That result was evidence of the excellent work of the Investment Committee, which had succeeded in combining safety, profitability, liquidity and convertibility in managing the Fund's resources and at the same time ensuring the geographical diversity of the investment portfolio.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

62. Mr. LOOTAH (United Arab Emirates) said that the sharp increase in his country's share of the regular budget in recent years, from 0.07 per cent for 1980-1982 to a proposed 0.21 per cent for 1992-1994, was unfair. The scale of assessments had not taken account of the economic impact of the Gulf war on his country or the great fluctuations in oil prices. In addition, his country had heavy commitments as regards both internal development and foreign aid to developing countries. He urged the Committee to take all those factors into account in determining the scale of assessments. His delegation favoured retaining the current scale of assessments until further consideration could be given to a new methodology which took into account the increase in the number of Member States and which assessed countries according to the human development index compiled by the United Nations Development Programme and described in the Human Development Report 1990. In conclusion, his delegation did not agree entirely with the proposals of the Committee on Contributions, and hoped for constructive negotiations which would guarantee the interests of each State on a basis of justice and equality.

63. Mr. AL-DOSARI (Bahrain) said that the Committee on Contributions had increased his country's assessment from 0.02 per cent to 0.03 per cent without taking into account the recession engendered in the region by the Gulf war and its aftermath. The cost of the crisis to Bahrain between August 1990 and June 1991 had been calculated at $1,908 million. The Committee on Contributions had used national income statistics for 1980-1989 in drawing up the machine scale. His delegation reiterated its reservations regarding the use of such a long statistical base period, especially in the case of oil-producing countries, whose national incomes had fallen sharply, thereby hampering their economic and social development. In the case of those countries it would have been more appropriate to use statistics for the subsequent two years, 1990 and 1991, in which more momentous changes had occurred than throughout the entire period 1980-1989. Furthermore, some countries had been stricken by natural or man-made disasters, which had affected their capacity to pay. It was inadmissible to ignore that the capacity to pay of many countries had been impaired by unfavourable economic circumstances, even though his delegation agreed with the capacity to pay as a basic criterion of the current methodology.

(Mr. Al-Dosari, Bahrain)

64. His delegation felt that the use of national income as an indicator was imprecise and misleading in measuring social well-being in small island States. He noted that the United Nations had adopted resolutions providing for specific measures in favour of developing island countries, whose economic problems were compounded by a series of factors such as the limited scale of the local market, which resulted in higher production and import costs. Financial resources available for economic and social development were also limited, as were natural resources, especially in the case of countries which relied on one main non-renewable natural resource, oil. Heavy reliance on the world market for imports and exports made the national economy particularly vulnerable to fluctuations in supply and demand, which made it more difficult to estimate the resources available or required to finance development projects. Government revenue was falling with the continuing decline in oil production levels. The scarcity of water for domestic and agricultural purposes had reduced the area of land under cultivation, which accounted for no more than 2 per cent of the gross domestic product (GDP). It was important to take account of all those factors in drawing up the assessment scales and not to rely solely on the criterion of national income. The regrettable increase in Bahrain's assessment to the United Nations budget was bound to be at the expense of Bahrain's contributions to specialized agencies and hence would affect the country's economic and social development efforts.

The meeting rose at 5.45 p.m.